

MEDIA RELEASE

THE WAREHOUSE GROUP LIMITED

First Quarter Sales Update

Auckland, 9 November 2007 – The Directors of The Warehouse Group Limited reported sales for the first quarter ended 28 October 2007 of \$374.5 million, down 1.7% on the corresponding period last year.

The Warehouse first quarter sales were down 0.6% to \$327.7 million, same store sales were down 1.0%.

Managing Director Ian Morrice said, “Trading conditions were challenging for The Warehouse especially from late September through to the end of October. The consumer electronics category was particularly disappointing this quarter, mainly as a result of clearance activity in older technology, plasma and LCD televisions, and by not getting our expected share of the sector uplift during the rugby world cup.”

“Sales of seasonal outdoor categories such as outdoor furniture and gardening have also been slow to establish momentum.”

“The apparel category is performing well,” Mr Morrice said. “Customers are responding to design-led improvements in range and presentation, and noticeable improvements in quality and fit.”

Closure of Milford and Wellington stores for reinstatement and relocation also contributed to the shortfall in total sales for the quarter compared to the previous corresponding period.

Warehouse Stationery’s first quarter sales were down 8.8% to \$46.8 million, same store sales were down 7.2%.

“Sales have been adversely affected by availability issues arising from the implementation of a centralised distribution system,” Mr Morrice said. “In addition, business-to-business sales were affected by a planned reorganisation of the B2B unit. The negative sales impact was expected and the reorganisation has now been completed with our website transactional and a new business-to-consumer module added and operating.”

Although challenging conditions were experienced over the first quarter, the company is well-positioned for the critical Christmas trading period, with a strong product offer and a compelling marketing campaign in place. However, the first quarter has highlighted the unpredictable nature of the current trading environment, and has reinforced earlier expectations that retail spending will tighten as discretionary income comes under pressure from macroeconomic factors.

Second quarter results will be released with the 2008 interim financial results on Friday, 14 March 2008.

ENDS

Background: The Warehouse Group Limited

The Warehouse Group Limited had sales of \$NZ1.76 billion and an after tax profit of \$NZ97.9 million for the year ended 29 July 2007 after adjusting for the sale of investments. The Warehouse Group comprises 85 Warehouse stores and 43 Warehouse Stationery stores. The Warehouse Group directly employs more than 8,000 people in New Zealand.

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**APPENDIX: THE WAREHOUSE GROUP LIMITED FIRST QUARTER SALES:
FOR THE 13 WEEKS ENDED 28 OCTOBER 2007**

1.0 Sales summary (all sales expressed in New Zealand Dollars)

FIRST QUARTER SALES (30 JULY 2007 to 28 OCTOBER 2007) (all figures exclude GST)								
	FIRST QUARTER				YEAR TO DATE			
	2007/08	2006/07			2007/08	2006/07		
	Sales Million	Sales Million	Change in sales	Change same store	Sales Million	Sales Million	Change in sales	Change same store
The Warehouse	327.7	329.8	-0.6%	-1.0%	327.7	329.8	-0.6%	-1.0%
Warehouse Stationery	46.8	51.3	-8.8%	-7.2%	46.8	51.3	-8.8%	-7.2%
Total Group	374.5	381.1	-1.7%		374.5	381.1	-1.7%	

2.0 Store numbers

	2007/08		2006/07	
	Start Q1	End Q1	Start Q1	End Q1
The Warehouse	85	85	85	85
Warehouse Stationery	43	43	43	43

3.0 Store changes during the quarter

	Replacement stores	New location stores	Reopened stores
The Warehouse	-	-	Milford, Wellington
Warehouse Stationery	-	-	-

4.0 Retail space

Square metres	2007/08		2006/07	
	Start Q1	End Q1	Start Q1	End Q1
The Warehouse	462,196	462,540	459,594	461,746
Warehouse Stationery	58,165	57,960	58,890	59,648